

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 EB-11 CU-04 SIL-01 LAB-06 SS-20

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /095 W

----- 012857

R 022020Z MAY 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9926

LIMITED OFFICIAL USE LIMA 3446

EO 11652: N/A

TAGS: ELAB, PE

SUBJECT: AIFLD/ITS PERU GRANT

FOR LA/MRSD - PHILLIPS

1. THE EXPERIENCE WE HAVE ACQUIRED IN THE ADMINISTRATION OF THE AID/AIFLD GRANT LA-714 PERU ITS PROGRAM HAS DEMONSTRATED NEED FOR INCORPORATION OF LANGUAGE IN NEW GRANT AGREEMENT THAT WILL ENABLE PARTIES INVOLVED TO EXERCISE GREATER DEGREE OF FLEXIBILITY AND SPEED IN TRANSFERRING FUNDS FROM ONE COMPONENT TO ANOTHER DURING THE COURSE OF THE CONTRACT YEAR, AND ESPECIALLY NEAR THE END OF A CONTRACT YEAR WHEN ONE COMPONENT MAY HAVE EXCESS FUNDS WHILE ANOTHER IS FACING A SHORTAGE. ARTICLE III OF THE GRANT MODIFIED BY AMENDMENT NO. 2 DATED APRIL 3, 1973, SEEMS UNNECESSARILY CUMBERSOME, SINCE REPRESENTATIVE OF COUNTRY TEAM (I.E. LABOR ATTACHE) AND AIFLD AS OVER-ALL CONTRACTOR ARE ONLY PARTIES ABLE TO EVALUATE RELATIVE NEEDS SUCH INTERNAL TRANSFER OF FUNDS WOULD NOT SUBSTANTIVELY MODIFY GRANT, WE RECOMMEND ELIMINATION OF THE REQUIREMENT FOR GRANT OFFICER APPROVAL. SINCE AIFLD IN ANY EVENT DEALS WITH THE SUB-GRANTEES, WE RECOMMEND THAT OBTAINING APPROVAL FROM THE LOSING AND GAINING ITS BE LEFT TO AIFLD'S DISCRETION.

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2. TO ACCOMPLISH ABOVE OBJECTIVES WHILE MAINTAINING

ESSENTIAL COUNTRY TEAM CONTROL OVER PROGRAM, WE RECOMMEND MODIFYING ARTICLE III AS CHANGED BY GRANT AMENDMENT 2 TO READ AS FOLLOWS (WITH A NEW APPENDIX D TO EXTRATED FROM THE PROP).

PROPOSED TEXT: PROGRAM ACTIVITIES FOR THE PERIOD APRIL 1, 1974, TO MARCH 31, 1975, ARE DESCRIBED IN THE ATTACHED APPENDIX D. TRANSFERES OF FUNDING ALLOCATIONS FROM ONE ITS PROGRAM TO ANOTHER (OR TO OR FROM THE PTTI/CTP COMPONENT) MAY BE MADE BY AIFLD WITH THE PRIOR WRITTEN OR TELEGRAPHIC APPROVAL OF THE MISSION AT LIMA. SUCH APPROVAL WILL BE SENT BY THE MISSION TO LA/MRSD/L, WHICH WILL IN TURN INFORM AIFLD IN WRITING THAT THE CHANGE IS AUTHORIZED. END PROPOSED TEXT.

3. LABATT HAS DISCUSSED PROPOSED CHANGE WITH LOCAL AIFLD REPRESENTATIVE. THOUGH AIFLD/W PRESUMABLY PREFERS TO HAVE SOLE AUTHORITY TO EFFECT INTERNAL TRANSFER OF FUNDS WITHOUT REFERENCE TO MISSION OR COUNTRY TEAM, LABATT BELIEVES IT WILL SUPPORT OUR PROPOSED MODIFICATION.

4. LABATT UNDERSTANDS FROM AIFLD THAT COMPONENT BREAKDOWN OF GRANT STILL NOT FIRM. MISSION CONTINUES TO SUPPORT BREAKDOWN GIVEN IN LIMA 9113, DECEMBER 1973, WITH POSSIBLE ADD-ON OF \$10,000 FOR ITF. IF FUNDS NOT AVAILABLE FOR PROGRAM THAT MAGNITUDE, MISSION CAN PROBABLY SUPPORT REDUCED PROGRAM ALONG LINES MATTHEWS/ PHILLIPS JANUARY MEMORANDUM AND DISCUSSIONS PROVIDED CTP PROGRAM NOT REDUCED BELOW SPENDING LEVEL FOR NEW YEAR OF \$25,000 AND IFPCW PRORAM NOT REDUCED BELOW \$10,000. WOULD APPRECIATE EARLY ADVICE ON COMPONENT FUNDING LEVELS.
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